

Medical Care Advisory Council

Minutes

Date: Monday, July 17, 2006

Time: 1:00 – 4:30 p.m.

Where: Michigan Public Health Institute
2436 Woodlake Circle, Suite 380
Okemos MI 48864

Attendees: Bruce Bragg, Dan Briskie, Priscilla, Cheever, Andrew Farmer, Dianne Haas, Alison Hirschel, Jan Hudson, David Herbel, David LaLumia, Gary Ley, William Mayers, Paul Shaheen, Walt Stilner, Larry Wagenkecht, Warren White, Lonnie Barnett, Steve Fitton, Billie Hargrove, Edmund Kemp, Kathy Whited, Jackie Prokop, Neil Oppenheimer, Ellen Speckman-Randall, Terry Geiger

Conference Call None

Attendees:

Absent: Roger Anderson, Melody Arnst, John Barnas, Debbie Bradford, Maureen Brinker, Edward Canfield, Christine Chesney, Vernice Davis-Anthony, Herman Gray, Kathy Kendall, Kathleen Kirschenheiter, Anita Liberman-Lampear, Jackie McLean, Jacqueline Miller, Jocelyn Vanda, Daniel Wilhelm, David McLaury, Susan Moran, Charles Overbey, Paul Reinhart

Meeting was called to order by Jan Hudson at 1:15 p.m.

WELCOME AND INTRODUCTIONS

- All attendees introduced themselves
- Steve Fitton and Dick Miles provided an update on Paul Reinhart
- It was announced that Dave McLaury had been selected as the Interim Chief Deputy Director for the Department of Community Health; Gary VanNorman was selected to replace Dave McLaury in the interim

UPDATES

Budget Update for FY06/07 (Steve Fitton) – Highlights (limited information at this time).

- Adult Benefits Waiver – decision to support enrollment at 62,000 (\$15.6 million added). There will be an open enrollment starting 9/1/06; hope to keep it open for multiple months.
- 2% Physician Rate Increase, calculated on both fee for service and HMO business. The increase will be targeted for well child visits and primary care. \$16.6 million gross, \$7.3M general fund was added to cover the increase. Pediatricians have been active in support of this as have other physician organizations.
- GME (graduate medical education) was transferred to the HMO's to provide a tax benefit which results in state general fund savings.

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- Health IT (information technology) appropriation of \$7.25M general fund added for healthy lifestyles and health information IT. We will be required to initiate a healthy behavior incentive waiver. Terry Geiger thought it was modeled after a West Virginia initiative.
 - LTC (long term care) spending had been 'bundled' into one line item (nursing homes, waiver, home help and other spending) to create flexibility. It has now been 'unbundled' so we again have line items for the different components of LTC. Any funding changes will have to be approved by the Legislature.
 - MI First Healthcare is funded at \$100 million, all federal funds. Likely not enough money to run the program on a full-year basis, but perhaps enough if we implement in April 2007.
 - Additional savings to balance budget: \$10M general fund savings for the Family Planning Waiver. 1,500 enrolled in the first month and one half (started 7/1/06).
 - The budget includes significant pay increases for adult home help workers, and targets a 2% increase for direct care workers in CMH facilities. Home help employees' wages will be increased to a minimum wage of \$7.00 per hour, with an additional 50 cents/hr for workers already being paid \$7/hr.
 - Financing: New hospital tax revenue has been included to finance higher hospital payment rates through the HMO system; this policy produced a \$30M general fund (gf) savings for the budget.
 - Eligibility was unchanged in this budget.

Comments/Questions:

- One of the big assumptions in the budget is that a federal law would be passed that would permit pharmacy rebates on HMO-dispensed drugs, saving \$100M; big issue.

Michigan First Healthcare Plan Update (Steve Fitton) (2 handouts):

- Not a lot of new information at this time.
- Numerous meetings/conference calls with CMS; mainly discussions on financing elements one of which is federal budget neutrality and the other is what we could use as sources of state match in order to draw the federal funds. Very technical conversations, but we have been engaged with CMS to keep the ball rolling to let them know that we are very interested in this program and we continue to talk with them every few weeks.
- Internally we are working very hard on benefits design on a specific level. The PowerPoint presentations laid out very general information about coverages: physicians, hospitals, drugs and mental health are the basics. We are trying to get more specific now about what kind of benefits package we should have and what's available in the private sector for the lower wage employers for fairness and equity. Looking at what is credible coverage: dollar limits, coverage, include dental, cover therapies, level of co-pays, limits on coverage?
- We expect to have meetings with various groups (including stakeholders) over the next ten months in an effort to obtain feedback.
- The first group we met with was the State Planning Grant group, which is a very diverse group. The group provided a lot of good feedback.

The decision has been made that we will initially focus on the subsidized population in order to create a process for making decisions and moving the project forward. The unsubsidized population will continue to be a priority and key element in the overall plan, just not the initial focus.

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Numerous comments and concerns were shared by members about: the structure of the program and benefit design; the need for simplicity overall and in administration for both the recipient and the provider; the importance of “reasonable” cost sharing so that people will be able to enroll and be able to maintain coverage; the opportunity to target primary care with richer benefits and/or higher payment rates; the opportunity to empower people, through supports, to secure the health care they need; the opportunity to encourage personal responsibility and healthy behaviors (perhaps through incentives) but without impeding access; the importance of dental (with focus on prevention) and mental health benefits; the importance of one statewide formulary; the opportunity to pay for *quality* and not just *care*

Crowd-Out – given that there are limited resources, the state wants to minimize the amount of coverage that is shifted to the state. We have been advised to look at Massachusetts as an approach. Need a high take-up rate to avoid adverse selection. Discussion of ways to discourage employers from reducing or dropping coverage for those who might be eligible for this program: Penalize the employers, require some type of maintenance of effort on the private sector.

Timeline for implementation -- April, 2007 is the goal, but given that this is an election year, the waiver probably won't be approved before November of this year.

When will it be submitted to CMS? Early fall, sometime in September of this year (2006), if things move along well, is what we are looking at.

State Planning Grant (Lonnie Barnett) – Lonnie distributed a handout. Town hall meetings were conducted last fall, survey was sent to 12,000 employers, 13,000 surveys to households, the household survey data has been released, the report is just about complete. The advisory council, a large, diverse group representing a broad range of interests, worked together to agree on concepts while setting personal agendas aside. The final report contains eleven recommendations. Everything is posted on the web at www.michigan.gov/spg.

Deficit Reduction Act (DRA) (Terry Geiger/Logan Dreasky) – Handouts. The federal act requires that states document citizenship for Medicaid eligibility. It changes the process for determining eligibility and re-determining eligibility. CMS continues to provide guidance on this requirement even though it was effective July 1, 2006. Final regulations have not been issued. The state has not yet issued policy. We believe it will be Fall before a policy is issued on this rule/act. It does not alter current requirements; we have always asked clients about their citizenship. The need for specific documentation is what has changed and will create problems for us. These rules are not intended for non-citizens or aliens. Some of the issues we are dealing with are: Original documentation must be kept on file...we cannot accept and retain original passports, original birth certificates, and drivers' licenses. It was clear that CMS had not thought this rule through and the consequences to the states this act will cause. We are pursuing vital record tape matches. CMS did make some exceptions: they exempted dual eligibles and most SSI recipients. Lawsuits have been filed. October 1st is an optimistic implementation date for Michigan.

SOS (Stop the Spending) Jan Hudson (handout) – This ballot initiative is a huge threat to the state of Michigan. Most of the money to secure signatures has come from out of state. Fortunately, both the chamber and unions have come out against it. The League analysis describes the negative impacts on the State if this proposal is adopted. .

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Long Range Future of Medicaid Subcommittee Update (William Mayer) – The subcommittee is scheduled to meet on monthly basis. Current activities include: helping to support Steve and his team with Michigan First Healthcare Plan and looking at long term care issues, including managed long-term care. We plan to invite the collaboration of the LTC office to explore the concept of what can be done to sustain the office and the program.

Policy Update (Kathy Whited) - Handout of policies provided. Emails will now come from MSA DRAFT Policy rather than from Jill Winstanley. Steve Fitton complimented Kathy on the improvements made to the policy process.

LTC (Ed Kemp) – Mike Head has been appointed as the Director of the Office of Long Term Care Services and Supports. His background is community mental health. We plan to invite Mike to give us an update at the next MCAC meeting. Medicaid Policy works very closely with the LTC office on policies, waivers, etc.; we literally work with them on a daily basis.

Other Items for Discussion

- Reminder from Jan for all members, staff and invitees of the need to sign in.
- Minutes from the 3/22/06 are being reviewed by DHS staff, when completed they will be distributed.
- Next Meeting is scheduled for October 18th; decision was made to reschedule the meeting for AFTER the election...Dates selected for possible meeting: 11/8, 11/9, 11/15, or 11/16. Billie will send out email to all council members soliciting their availability for the November dates.
- MCAC membership – when it was re-constituted, the membership was set up for two year and three year terms; approximately half of the members' terms end in December of this year. Billie is working on a list of all members' term dates.
- Discussion on changing months of meetings (quarterly meetings) to February, May, August or September and then a November to be inline with the state of Michigan policy, budget, and election. This will be discussed at the next meeting.

Meeting adjourned at 4:35 p.m.